

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
) Case No. 01-01139 (JKF)
W.R. GRACE & CO., et al.,) (Jointly Administered)
)
) Objection Deadline: 10/17/08 @ 4:00 p.m.
Debtors.) Hearing Date: 10/27/08 @ 9:00 a.m. (Pittsburgh, PA)

**OBJECTION OF ZURICH INSURANCE COMPANY AND
ZURICH INTERNATIONAL (BERMUDA) LTD. TO THE DEBTORS'
DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE OF W.R. GRACE & CO., ET
AL., THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY
CLAIMANTS, THE ASBESTOS PI FUTURE CLAIMANTS' REPRESENTATIVE,
AND THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS
DATED AS OF SEPTEMBER 19, 2008 [D.I. 19581]**

Zurich Insurance Company and Zurich International (Bermuda) Ltd., (jointly "Zurich"), by and through its undersigned counsel, hereby submit this objection to the *Debtors' Disclosure Statement for the Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of W.R. Grace & Co., et al., the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants' Representative, and the Official Committee of Equity Security Holders dated as of September 19, 2008 [D.I. 19581]* ("Disclosure Statement") as follows:

1. Zurich and W.R. Grace & Co. ("Grace") entered into certain insurance contracts ("Contracts") which may be identified in the Disclosure Statement as Asbestos Insurance Policies.¹ Zurich and Grace are also parties to a settlement agreement ("Agreement") relating to one of the Contracts. This Agreement addresses, *inter alia*, claims asserted against Zurich by third-parties for alleged bodily injuries from the exposure to asbestos and alleged loss resulting from the presence of asbestos in buildings. The Agreement requires Grace to defend and indemnify Zurich for such claims asserted against Zurich.

¹ Capitalized terms not defined herein shall have the meaning provided in the Disclosure Statement.

2. The Disclosure Statement, as filed, fails to include copies of Exhibit 5 (Asbestos Insurance Policy Schedule) and Exhibit 6 (Asbestos Insurance Transfer Agreement) thereto. These exhibits are critical components of the Joint Plan's proposed treatment of Zurich. Additionally, the Disclosure Statement fails to disclose whether and how a non-settled insurance company who enters into a post-confirmation settlement agreement may become an Asbestos Protected Party. Therefore, the Disclosure Statement fails to fully and clearly provide Zurich with the information necessary to make an informed decision on the Joint Plan, and Zurich hereby objects to the Disclosure Statement on the basis that it fails to satisfy the requirements of section 1125 of the Bankruptcy Code. *See, e.g., Krystal Cadillac-Oldsmobile GMC Truck, Inc. v. General Motors Corporation*, 337 F.3d 314, 322 (3d Cir. 2003).

3. Zurich hereby joins, to the extent applicable, the objection (and its "Limited Joinder") filed on behalf of CNA Companies [D.I. 19780].

4. Zurich expressly reserves all of its rights, including: (i) its right to raise objections relating to Exhibits 5 and 6, (ii) its right to object to any amended disclosure statement and/or amended proposed plan of reorganization on any grounds; and (iii) all of its rights and claims under the Contracts and the Agreement. Additionally, because the Disclosure Statement is being presented for approval on shortened notice, Zurich expressly reserves its right to: (i) raise other and further objections to the Disclosure Statement; and (ii) join any other objection(s) to the Disclosure Statement, or any portion thereof.

Dated: October 17, 2008

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